COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE   )
WHOLESALE WATER SERVICE RATES OF   ) CASE NO. 98-497
THE CITY OF AUGUSTA, KENTUCKY   )

ORDER

On November 17, 1998, the Commission directed the City of Augusta, Kentucky ("Augusta") to show cause why, as a result of its failure to comply with the Commission's Order of September 30, 1998, this proceeding should not be dismissed and Augusta's application for rate adjustment in its wholesale water service should not be denied. In its response, Augusta states that it lacks the expertise and the resources to comply and requests assistance from the Commission to meet its obligations.

Considering Augusta's response as a request to be relieved of the obligations imposed by the Commission's Order of September 30, 1998, the Commission finds that Augusta should be relieved of its obligation to submit the information required by Administrative Regulation 807 KAR 5:001, Section 10, and that Commission Staff should investigate Augusta's proposed rate adjustment and prepare a written report of its findings and recommendations.

IT IS THEREFORE ORDERED that:

1.   Ordering Paragraph 2 of the Commission's Order of September 30, 1998 is vacated.

2. Commission Staff shall investigate Augusta's proposed rate adjustment and shall, no later than June 1, 1999, file with the Commission a written report of its findings and recommendations.

3. Augusta shall make available to Commission Staff all books, accounts, papers and records of its water utility operations.

4. Augusta shall, upon request of Commission Staff, produce at its own expense and provide to Commission Staff verified copies of any books, accounts, papers and records of its water utility operations.
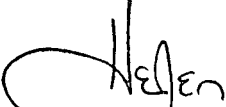
5. Augusta's failure to comply with Ordering Paragraphs 3 or 4 of this Order shall constitute grounds for denial of its proposed rate adjustment.

Done at Frankfort, Kentucky, this 30th day of December, 1998.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Executive Director